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SUBJECT: FRANCE REEVALUATES BIOTECH POLICY; MUCH AT STAKE

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1.(SBU) Summary: A moratorium or ban on planting biotech corn could be the signature outcome of France's national environmental policy review this month. Such a move would violate both WTO and EU requirements, but the Sarkozy Administration may be looking for a high-profile green initiative to balance its strong pro-nuclear policy and a "pro-American" foreign policy. French farmers and seed companies are pushing back and the Mission Country Team is lobbying GOF counterparts before raising the issue to ministerial level. End Summary

12. (SBU) The Sarkozy Administration's national environmental policy dialogue (the "Grenelle") is one of its signature initiatives. Agriculture and biotechnology figure prominently in the process. Most proposals emanating from the Grenelle dialogue are not overly controversial, but biotech is emerging as the wedge issue. Minister of State Borloo, leading the process, told parliamentarians in a widely reported statement that GMOs could not be controlled and posed unacceptable risks. Center left "Le Monde" reported that the GOF would ban commercial sales of biotech seeds. The chair of the Grenelle's biotech committee explained that a moratorium rather than a ban was envisioned pending new biotech legislation.

3.(SBU) Borloo's statement blindsided Agriculture Minister Barnier who was booed off the stage at a major conclave of farmers the same day. The FNSEA farmers' union as well as GNIS, the seed association, walked out of the following session of the Grenelle working group, and were brought back in only after Borloo backtracked assuring the Farm Union FNSEA, that President Sarkozy will make any final decisions, after the report from the "Grenelle" is published, likely in late fall.

14. (SBU) The "Grenelle" biotech working group published its preliminary conclusions on September 27. The report is subject to debate and comment for the next several weeks. Its principal recommendations were:

-- a new biotech law (which the GOF will need in any event to comply with the EU coexistence directive) based on freedom of choice to produce and consume with or without GMOs;

-- incorporation of the "polluter pays" principle with regard to contamination of crops by transgenic material, without specifying whether farmers or seed companies would be deemed the "polluters"; and

-- creation of a single "High Biotech Authority" incorporating a range of scientific expertise and additional expertise from civil society groups.

5.(SBU) The working group report also stressed that the 0.9 percent threshold for biotech content in the EU labeling requirement for food and feed had no particular scientific basis. The group highlighted that no threshold had yet been established for labeling of planting seeds. French seed industry representatives were quick to assert that the 0.9 percent threshold was set by the European Union and applies to all member states and both the seed industry and farm union officials threatened to sue the GOF at the European Court of Justice (ECJ) should the GOF set a lower threshold.

16. (SBU) French biotech corn production (all MON 810) rose from 5,000 hectares in 2006 to over 21,000 hectares in the 2007 planting season. While farmers and seed companies have kept a very low profile on this shift, the Grenelle process has raised the stakes substantially. On October 3, a coalition representing 325,000 farmers published an open letter to President Sarkozy in major national papers. The letter appeals to the President not to give in to the GMO fear-mongers, noting that authorized GMOs pose no health risk and reduce pesticide usage and therefore contribute to "green growth."

17. (SBU) Farm organizations also said they would sue if the GOF imposed a moratorium. Given that national bans of EU-approved varieties are WTO illegal (the EC reiterated its opposition to national biotech bans the day after the "Le Monde" revelation, underscoring that the ECJ had recently condemned Austria's biotech ban), the GOF might opt to accomplish the same result by suspending sales of MON 810 seeds pending scientific review or enacting a biotech law that would make its production economically unviable.

18. (SBU) In the short term, a biotech ban or moratorium would cut

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U.S. seed exports, now running \$30-50 million annually. More significantly, it would signal an about-face from a science-oriented approach by France on EU biotech issues including US corn exports. France is a driver of EU farm and agricultural trade policy and will assume the Presidency in July 2008. Embassy Country Team members are coordinating with U.S. seed companies and are calling on a variety of GOF officials to express our concerns before raising the issue to Ministerial level.

STAPLETON